

## CHAPTER 9

# SEPARATIONS, DISCHARGES, AND RETIREMENTS

Every service member will eventually reach the point when he or she will be separated, discharged, or retired. To make sure these transitions go as smoothly as possible for all concerned, disbursing personnel are required to follow specific procedures. As a senior Disbursing Clerk (DK), you must do your part to see that these procedures are carried out as accurately and smoothly as possible. Service members making these transitions have enough to deal with; they do not need additional problems caused by untimely or sloppy processing of their pay and benefits.

Processing a separation, discharge, or retirement involves a great deal of coordination and paper work. Written procedures are established by local disbursing officers (DOs) and approved by commanding officers (COs) for this purpose. They prescribe proper lead times, allowing disbursing personnel to receive and process important documents on time. They set forth guidelines for the timely notification of service members who are being separated early (including members who are transferring to another activity for separation). They provide the disbursing office with necessary lead time to carry out many important procedures, including the following steps:

- Stopping allotments the month before the member's separation
- Performing the required precertification procedures in case the member is entitled to additional bonuses
- Getting recoupment rates, if they are needed

Above all, written procedures provide required guidance so that disbursing personnel can help service members go through these sensitive transitions as efficiently and painlessly as possible.

As a senior DK, you will be expected to know and understand the procedures involved in processing service members who are being discharged, separated, or retired from active service. This chapter provides an overview of some of these procedures. After studying the information in this chapter, you should be able to describe some of the basic procedures used throughout

Department of Defense (DOD) disbursing offices for processing officer and enlisted discharges, separations, and retirements. You should also be able to identify the basic requirements and procedures for processing death gratuities. Keep in mind that the scope of this chapter is limited to an overview of these operations. Do not use this chapter or any other part of this training manual as a procedural operations manual. For official guidelines, we recommend you consult the *Department of Defense Financial Management Regulations* (DODFMR), Volume 7A, *Defense Finance and Accounting Service (DFAS) Pay/Personnel Procedures Manual (Navy)* (DFASPPM), *Naval Military Personnel Manual* (MILPERSMAN), *Source Data System Procedures Manual* (SDSPROMAN), and your local command's instructions and directives. As a DK1 or DKC, you will be expected to know how to carry out your command's procedures efficiently and effectively. Most important, the DOD is depending on you to train junior personnel to carry out these important responsibilities with accuracy and sensitivity.

### ENLISTED PROCESSING

Enlisted processing involves the coordination of disbursing and personnel functions. You may be assigned to carry out or supervise some of these functions. If so, you will likely become involved in processing more enlisted members than any other category of DOD personnel. To do this, you must be able to identify, obtain, and process the specific, required documentation. In the following paragraphs, we describe some of these documents, the sources you may need to contact to obtain them, and the disbursing procedures you will likely use to process them.

### INITIAL ACTION BY DFAS— CLEVELAND CENTER

For a member who is separating from active service, the Defense Finance and Accounting Service—Cleveland Center (DFAS—CL) is the initial source of documentation. Based on an enlisted member's expiration of active obligated service (EAOS) date, the DFAS—CL will forecast payments

due the member upon his or her discharge or separation. This information will be printed on the member's Leave and Earnings Statement (LES) in the Remarks section. It will first appear 4 months before the member's EAOS date and will be repeated monthly through the month of discharge.

### **DOCUMENTS REQUIRED FROM THE PERSONNEL DIVISION**

The personnel division is required to prepare the following documents and forward them in the quantity shown to the disbursing office for processing:

- Detaching (Departing) Endorsement to Orders—Original and two copies
- DD 214, Report of Separation from Active Duty—Original and all copies
- Release orders—One copy

### **COMPUTATIONS OF FINAL PAYMENT REQUIRED FROM THE DISBURSING OFFICE**

The disbursing division is responsible for making the final computation of pay due. However, certain preliminary actions must be completed before your disbursing office can compute a member's final pay due.

#### **Preliminary Steps**

First, all allotments should have been stopped by now, based on the notification of separation or discharge the disbursing office received from the personnel division. Next, if the activity has Master Military Pay Account (MMPA) access, it should have provided a Forecast Separation Pay Computation (FSPC). The FSPC will be used in conjunction with the member's separation processing. If the activity does not have MMPA access, it is required to do the processing manually. Of course, your disbursing office must also have received the member's detaching endorsement, DD 214, and release orders from the personnel division, as described in the preceding section.

### **Steps for Processing Separations or Discharges**

Once you have the required documentation, you can start the procedure for processing the member's separation or discharge. Take the following steps in the order listed:

1. Remove the LES from the payroll file.
2. Post all regular and special payments in the Payments block of the LES that have not been reflected on the Payments Posted Since Last LES field.
3. Use a locally produced worksheet to determine the final payment on separation. (See figure 9-1 for a sample worksheet.) Make annotations on the worksheet from those made on the LES or any other documents on hand that have not yet been transmitted to DFAS—CL. File your original worksheet in the member's Personal Financial Record (PFR), and provide the member with a copy.
4. Adjust the leave balance. Make sure to account for the last period of leave as indicated on the detaching endorsement, separation or retirement leave, and any time not served (excess leave and UA).
5. If recoupment of a bonus or continuation pay is necessary, obtain the daily rate from DFAS—CL, if possible. If you cannot obtain the rate from DFAS—CL, a local computation should be made.
6. Review the NAVCOMPT 3071A, Miscellaneous Memoranda Record, and make checkage from the member's final pay for any deductions held in abeyance.
7. Pay all amounts due through the date of discharge, less 28 percent FITW on taxable items of separation pay and 4 percent SITW on those items, if the member is subject to state withholding taxes. All other taxable items, such as basic, special, and incentive pay, should be taxed based on the aggregate amount for the month using the normal tax tables.
8. Do not pay doubtful entitlements. Annotate the NAVCOMPT 3071A to indicate why the entitlement was doubtful and include all pertinent facts.

<b>LES WORKSHEET FOR SEPARATION</b>			
MEMBER'S NAME (Last, First, M.I.) <b>BOAT, JOHN L.</b>		SSN <b>123-45-6789</b>	
PAY COMPUTED FROM <b>6/1/95</b>		TO (SEPARATION DATE) <b>7/3/95</b>	
SEPARATION COMMAND/UC <b>USS Guadalcanal</b>		DSSN <b>5209</b>	
		DISCHARGE LOSS CODES SPD _____ DOD _____	
		PHONE NUMBER <b>(619) 555-4913</b>	
		DK/PAY CLERK <b>DK2 Frost</b>	
<b>LEAVE - SEPARATION</b>			
1. LSL is only payable under Honorable and General discharges: 2. List last two periods of inclusive leave:		LEAVE EARNED	
From: <u>4, 3, 95</u> To: <u>4, 4, 95</u>		DAYS EARNED	
From: <u>4, 7, 95</u> To: <u>4, 9, 95</u>		1-6 0.5	
		7-12 1.0	
		13-18 1.5	
		19-24 2.0	
		25-31 2.5	
		1. Ending leave balance from prior LES: <u>17.5</u>	
		2. Leave accrued (less UA/lost time) <u>5</u>	
		3. Leave used <u>0</u>	
		4. Leave balance on separation <u>18.0</u>	
		5. Excess leave balance on separation <u>0.0</u>	
*Consider unposted periods of leave (separation leave) and time not served (excess leave/UA) when computing final balance. Verify LCN log.			
<b>COMPUTATION</b>			
	MONTH OF	MONTH OF	MONTH OF SEPARATION <b>JULY 95</b>
BALANCE BROUGHT FORWARD FROM LAST LES OR PREVIOUS MONTH'S WORKSHEET (IF POSITIVE)	\$	\$	\$ <b>532.20</b>
BASIC PAY			<b>156.54</b>
BAQ ( D ) IF GOV. QTRS. VACATED WAS DOC. FWD TO DFAS-CL			<b>45.24</b>
VHA/OHA (ZIP CODE <u>92136</u> )			<b>5.95</b>
CRA THROUGH MONTH OF SEPARATION			<b>213.30</b>
BAS/RATS SEP TO 2400 HRS ON DATE OF SEPARATION			<b>0</b>
CSP			<b>31.50</b>
CSPP			<b>0</b>
FORDU			<b>0</b>
FSA-TYPE _____			<b>0</b>
SUB PAY/FLIGHT PAY			<b>0</b>
LEAVE RATIONS			<b>0</b>
SDAP			<b>5.49</b>
CANCELLED DOV _____ NPR _____ DSSN _____ DATE _____			<b>0</b>
CHECKS DOV _____ NPR _____ DSSN _____ DATE _____			<b>0</b>
MISC CREDITS DESCRIPTION:			<b>0</b>
MISC CREDITS DESCRIPTION:			<b>0</b>
MISC CREDITS DESCRIPTION:			<b>0</b>
LSL <u>18</u> DAYS BASIC PAY (Career Max 60 days)			<b>939.24</b>
LSL _____ DAYS ALLOWANCES (Saved Leave Only)			
TOTAL CREDITS	\$	\$	\$ <b>1929.46</b>
<input checked="" type="checkbox"/> 1. File copies of unposted documents and correspondence concerning unresolved problems in the PFR. <input checked="" type="checkbox"/> 2. Ensure all documents have been annotated on the payroll LES and carried forward to the separation worksheet. <input checked="" type="checkbox"/> 3. Ensure all documents have been forwarded to DFAS - Cleveland Center.			
TRANSMITTAL NO. DETACHING ENDORSEMENT <b>186-40</b>	TRANSMITTAL OF ALLOTMENT ACTION		TRANSMITTAL NO. MILITARY PAY ORDER/LEAVE
TRANSMITTAL NO. DOC _____	TRANSMITTAL NO. DOC _____		TRANSMITTAL NO. DOC _____

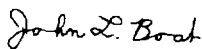
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Figure 9-1.—LES Worksheet for Separation (page 1 of 3).

	MONTH OF	MONTH OF	MONTH OF SEPARATION JULY 95
BALANCE BROUGHT FORWARD FROM LAST LES OR PREVIOUS MONTHS WORKSHEET (IF NEGATIVE)	\$	\$	\$ 0
NAVY HOME ASSESSMENT THROUGH MONTH OF SEPARATION (MAKE THIS DEDUCTION FOR ENLISTED MEMBERS ONLY)			.50
SGLI THROUGH MONTH OF SEPARATION			8.00
FICA			11.97
SITW 4% (LSL, SEP PAY, SEV AND CONTRACT CANCELTION PAY)			0
SITW DAPMAN APPENDIX G, SDSPROMAN TABLE 7-1-7 EXMPT STAT (TN)			0
FITW 28% (LSL, SEP PAY, SEV AND CONTRACT CANCELTION PAY)			262.98
FITW DAPMAN APPENDIX G, SDSPROMAN TABLE 7-1-7 EXMPT STAT (MOO)			0
ADVANCED LEAVE RATIONS			0
INDEBTEDNESS (REMAINING BALANCE)			0
ADVANCE PAY (REMAINING BALANCE)			0
BONUS RECOUPMENT (TYPE: _____)			0
(See Item 2 below) FORFEITURE OF PAY TO DISCHARGE DATE			0
UA CHECKAGE			0
EXCESS LEAVE (NO. OF DAYS CHECKED _____)			0
BAS OR RATS SEP CHECKAGE			0
DEPENDENTS DENTAL PLAN Description (STOPS MONTH PRIOR TO SEPARATION)			0
MISCELLANEOUS DEDUCTIONS _____			0
ALLOTMENTS: Indicate month of last deduction. TYPE			0
TYPE			0
TYPE			0
TYPE			0
TYPE			0
UNCONSIDERED PAYMENTS BF FM LES ANNOTATIONS NPR <u>N471</u> DSSN <u>5209</u> DATE PD <u>7/1/95</u>			532.00
NPR _____ DSSN _____ DATE PD _____			0
NPR _____ DSSN _____ DATE PD _____			0
TOTAL DEDUCTIONS			815.45
AMOUNT <u>UNDERPAID</u> OVERPAID OF (CREDITS-DEDUCTIONS)	\$	\$	\$ 1114.01
FINAL PAYMENT (IF UNDERPAID) NPR <u>N480</u> DSSN <u>5209</u> DATE <u>713</u>			\$ 1114.01
TOTAL OVERPAID AT DISCHARGE (IF OVERPAID, NO ADDITIONAL PAYMENTS CAN BE MADE).			\$ _____
ITEM  1. Ensure any suspended waiver checkage, courts-martial fines, and non-consent indebtedness checkages are deducted in full. 2. If member is separated early and recoupment of bonus is required, compute and enter type of recoupment. 3. Does member owe remaining amount on "L" allotment? If so, a QN Type Payment must be made or the member must make repayment arrangements with Navy and Marine Corps Relief Society.			

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Figure 9-1.—LES Worksheet for Separation (page 2 of 3).

CHECKLIST			
<input checked="" type="checkbox"/>	1. Delete from DDS, if applicable. Very last DDS payment (DDS stop date) from MMPA Section JMPL, if available. If unknown, contact nearest PSD.		
<input checked="" type="checkbox"/>	2. If member is in a disciplinary status, contact local NEX for any unpaid Health and Comfort issues or bad checks.		
<input checked="" type="checkbox"/>	3. Provide the member with a blank travel claim and instruction sheet on how to complete the claim and where to mail for payment.		
<input type="checkbox"/>	4. The original NAVCOMPT 2272 for retired/retained members should have been forwarded to DFAS - Cleveland Center (Code FRA) at least 30 days prior to separation. If not, forward immediately under separate cover. "DO NOT INCLUDE IN PFR"		
<input type="checkbox"/>	5. Place a copy of the separation Detaching Endorsement in PFR. Send an additional copy of the Detaching Endorsement to DFAS - Cleveland Center (Code FRA), Directorate for Retired Pay for fleet reservists/retired members.		
<input checked="" type="checkbox"/>	6. Ensure member's ATM account has been closed and the ATM card returned.		
<input checked="" type="checkbox"/>	7. Does member have savings bonds held in safekeeping? To request savings bonds, see DAPMAN, Vol. II, par. B60508 and SDSPROMAN II, par B60508		
<input checked="" type="checkbox"/>	8. Using the following MMPA sections, SDS Commands with MMPA access should verify that transactions are reflected on the LES or annotated thereon.		
	Outstanding Transaction File (JMPO)	Payment Section (JMPC)	Leave Section (JMPE)
	Entitlement Section (JMPB)	Allotments (A195)	
<input checked="" type="checkbox"/>	9. Ensure the separation worksheet has been filed in the PFR prior to forwarding the PFR to DFAS - Cleveland Center.		
AUDIT			
Ensure member has been deleted from the local payroll system. Verify outstanding payments and/or documents on UMIDS/SDS listings.			
DK/PAY CLERK	DATE	AUDITOR SIGNATURE	DATE
R. Frost, DK2	7/13/95	W. T. Door, DKCM	7/13/95
REASON FOR OVERPAYMENT			
IF MEMBER IS BEING DISCHARGED IN AN OVERPAID STATUS, PROVIDE THE REASON FOR OVERPAYMENT.			
MEMBER CERTIFICATION			
<p>I have read, understand and received a copy of the computations shown above. I understand that they represent a field-level analysis and not a final resolution. It has been explained to me that a final computation of my pay account will be conducted by DFAS - Cleveland Center (Code FRA). I understand that the totals shown on the worksheet could change due to information which was not known by the local DK/PSD/PSA at the time the worksheet was computed. I have been notified to keep DFAS - Cleveland Center advised by my current address in order to facilitate timely correspondence regarding the status of my pay account. I have been advised that under authority of 5 U.S.C 5514, if determined to be overpaid at separation, I will receive notification of my debt from the DFAS - Cleveland Center. I have been advised that payment in full is expected within 30 days of notification and can be made by check, money order, Visa or Mastercard.</p>			
SIGNATURE			DATE
			<b>7/3/95</b>

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Figure 9-1.—LES Worksheet for Separation (page 3 of 3).

9. Prepare an information sheet similar to the one shown in figure 9-2 for the member.
10. Complete the Lump Sum Leave endorsement on the DD 214.

## **DOCUMENT DISTRIBUTION FROM THE DISBURSING OFFICE**

You are now ready to distribute the documents you received from the personnel office—the member's detaching endorsement, DD 214, and release orders—and the member's PFR. Use the following procedure to distribute these documents and their respective copies:

- Detaching endorsement. Original in the retained transmittals, one copy in the PFR, and one copy as local procedures require.
- DD 214. The original and all copies returned to the personnel division.
- PFR. If your activity has FSPC capability, retain the PFR as long as the MMPA is balanced based on local review. (Exceptions: Do not retain the member's PFR if the member is deceased or has received a Voluntary Separation Incentive or Special Separation Benefit or if certain conditions exist, such as a noncompute account, preventing an FSPC worksheet from being generated.) If your activity does not have FSPC capability (and if the member's records do not indicate any of the exceptions we just described), mail the PFR to DFAS—CL no later than 3 working days after the date of the separation or discharge. The face of the PFR will be annotated with the reason for submission.

## **FINAL ACTION BY DFAS — CLEVELAND CENTER**

Within 90 days following the member's separation, DFAS—CL will balance the MMPA and determine the amount owed to the member or by the member, whichever the case may be. If the member was underpaid, a check will be sent to the member's home address as shown on the detaching endorsement. If the member was overpaid, action will be taken to collect the overpayment. In either case, the MMPA will be closed.

As a part of the closing of the MMPA, DFAS—CL will prepare a final LES. An IRS W-2 form will also be prepared showing the member's tax status for the

current year through the date of discharge. The final LES and the IRS W-2 will be mailed to the member's home address.

## **OFFICER PROCESSING**

Most of the procedures for officer processing are the same as those for enlisted processing. The main differences are in the beginning of the process. Since an officer does not have an EAOS, the Bureau of Naval Personnel (BUPERS) must notify DFAS—CL of the officer's pending release, resignation, or discharge. This notification will include the actual or approximate date of discharge or release from active duty and authorization for any separation payments due. Upon receipt of the notification from BUPERS, DFAS—CL will note the information in the Remarks section of the LES.

The required documents, disbursing processing, and document distribution procedures are the same as those we previously described for enlisted members.

## **RETIREMENT OR TRANSFER TO THE FLEET RESERVE**

When a service member retires or transfers to the Fleet Reserve, the processing procedure includes additional steps to those we have previously discussed for separations and discharges. For the most part, the differences are in lead time and documentation. However, different processing procedures are also involved. In the following paragraphs, we explain some of these requirements.

## **REQUESTS FROM MEMBERS**

A member requesting retirement or transfer to the Fleet Reserve should forward the request to BUPERS. Upon approval, BUPERS will notify DFAS—CL of the prospective date of the member's release from active duty. This will be posted to the MMPA. For 4 months before the member's retirement or transfer to the Fleet Reserve, the LES will reflect the necessary separation information in the Remarks section.

## **DOCUMENTS REQUIRED**

In addition to the normal separation documents, detaching endorsement, DD 214, and orders, a member's retirement or transfer to the Fleet Reserve will require the processing of two additional forms—the Navy Retired/Retainer Pay Data Form, NAVCOMPT 2272, and the Fleet Reserve Transfer Authorization, NAVPERS 1830/2.

SSN	NAME (LAST, FIRST, MI)	PAY GRADE
SHIP/STATION		SEPARATION/RETIREMENT DATE

1. The pay you received this date, except for mileage, is based on local computation of amounts due. If additional payment or collection action is required by a final pay audit/computation, the DFAS - Cleveland Center will initiate appropriate action. A copy of your "LES WORKSHEET FOR SEPARATION CASES" is attached as Page 2. The LES WORKSHEET is a detailed breakdown of your final pay calculation and you should carefully review it for obvious over/under payments and ensure that corrections are processed prior to separation. It should be noted that the Debt Collection Act of 1982 requires prompt collection of all debts owed the government (e.g. overpayments at separation) and that act further authorizes interest, penalty, and administrative charges on all debts. The act also directs credit bureau reporting on individuals with uncollected debts owed the government.
  
2. Status of your allotments:

KIND

MONTHLY AMOUNT

PAYEE WILL RECEIVE THE LAST CHECK/ BOND ON OR ABOUT THE FIRST DAY OF:

(RETIREEES, FLEET RESERVISTS) THESE ALLOTMENTS WILL REMAIN IN EFFECT AND BE DEDUCTED FROM RETIRED/RETAINER CHECKS:
  
3. **RETIREEES/FLEET RESERVISTS.** Your retired/retainer account will be established and you first retired/retainer check issued within 30 days from date of your release from active duty. Your first check will be mailed to the address you requested. Questions about your account/check should be addressed to DFAS - Cleveland Center (Code JR) or call toll free (except in Ohio, Alaska, Hawaii or OUTCONUS) 800-321-1080. You may also call DSN 580-5955 or commercial 216-522-5955.
  
4. **DISCHARGE SEPARATION.** Within approximately 90 days, DFAS - Cleveland Center will balance your master military pay account and mail a final LES with an IRS W-2 to you at the permanent address indicated on the NAVCOMPT 3067 detaching endorsement. Please ensure that this address is correct. If you have pay questions after separation, write DFAS - Cleveland Center (Code JJ) or call DSN 580-5637 or commercial 216-522-5637. You have been paid mileage allowance due you on separation. If you are entitled to dependent travel pay, submit you claim for payment after their travel is completed.
  
5. **TRAVEL CLAIMS.** If you are entitled to payment for travel (for you own or for your dependents' travel), when the travel is completed, fill out the attached claim forms and attach to your original orders. Submit you claim to the separation activity disbursing office. A check, a copy of the travel voucher, and your original orders will be returned to you within approximately 30 days.
  
6. **ADDRESSES/TELEPHONE NUMBERS.**

Defense Finance and Accounting Service  
Cleveland Center (Code \_\_\_\_\_ )  
1240 East Ninth Street  
Cleveland, OH 44199-2055

This disbursing office  
Bldg. No.  
City, State, ZIP Code

Separations: 216-522-5637  
Retirees: 216-522-5955 or  
800-321-1080

Area Code + Commercial phone number

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Figure 9-2.—Information for Members on Separation.

## **Navy Retired/Retainer Pay Data Form**

Commands must make sure preretirement counseling is given to a prospective retiree at least 45 days before the member's prospective retirement date. During this counseling period, the member should complete a Navy Retired/Retainer Pay Data Form, NAVCOMPT 2272. This form is used to make the designation of beneficiaries for unpaid retired pay, establish rates for federal and state withholding taxes, certify dependents, and elect the level of Survivor Benefit Plan (SBP) participation.

The original NAVCOMPT 2272 will be forwarded to the disbursing office along with any correspondence from the member relating to the SBP. The disbursing office will mail the NAVCOMPT 2272 to DFAS—CL no later than 30 days before the effective date of the member's retirement or release from active duty.

## **Fleet Reserve Transfer Authorization**

The Fleet Reserve Transfer Authorization, NAVPERS 1830/2, is a BUPERS form authorizing the member's transfer to the Fleet Reserve. It includes a statement of service. The CO endorses this form and forwards it to disbursing. As part of the final processing, the DO endorses the form stating that the account has been processed and payment has been made. The original is filed in the member's PFR, copy 2 goes to the DO's retained files, and the remaining copies are returned to the personnel division.

## **ALLOTMENTS**

When a member is retiring or transferring to the Fleet Reserve, the disbursing office must know how to handle the member's allotments. Certain allotments, such as Class C, E, and U allotments, must be discontinued. Other allotments, such as one that was administratively started because of garnishment, must continue. Still others may be deducted from the member's retainer checks upon request by the member.

Because of this, a member who is retiring or transferring to the Fleet Reserve must be interviewed to determine which (if any) allotments will be continued. This interview should take place in time for the member to establish any new allotments he or she desires before retirement.

## **DISPOSITION OF RETIRED/RETAINER CHECKS**

In conjunction with the allotment counseling, the member must also be counseled regarding the options available for the disposition of his or her retired/retainer checks. The preferred method is by electronic funds transfer (EFT) to a bank, credit union, or other financial institution.

Often, the member will want to use the same financial institution and account number he or she used for direct deposit while on active duty. In this case, the documents filed in the member's PFR that were used to establish the direct deposit should be forwarded with the NAVCOMPT 2272.

A member may desire a different financial institution or account number or may not have had direct deposit while on active duty. In such cases, any of the same source documents used for direct deposit may be used to establish the EFT to the member's desired institution.

If the EFT has not been established by the time the member retires, the checks will be mailed to the address on the NAVCOMPT 2272. Members who do not desire to use EFT may have their checks mailed monthly to the address of their choice.

## **DOCUMENT DISTRIBUTION**

The documents associated with a member's retirement or transfer to the Fleet Reserve are basically distributed in the same way as the documents associated with a separation or discharge. However, in the case of a retirement or transfer to the Fleet Reserve, the following additional requirements apply:

A copy of the detaching endorsement is forwarded to DFAS—CL, Retired Pay Department (Code JRE)

All PFRs are forwarded within 3 working days with a copy of the detaching endorsement and the original NAVPERS 1830/2 filed inside.

## **DEATH GRATUITY**

For a service member who dies, a death gratuity in the amount of \$6,000 will be paid to the eligible beneficiaries. The death gratuity is paid regardless of whether the member's death occurred in the line of duty or was the result of the member's misconduct.



## OFFICIAL GUIDELINES

The *Department of Defense Financial Management Regulations* (DODFMR), Volume 7A, part A, covers completely the requirements and laws governing the payment of a death gratuity. The *Source Data System Procedures Manual* (SDSPROMAN), Volume 2, and the *DFAS Pay/Personnel Procedures Manual (Navy)* (DFASPPN), Volume 2, cover the procedures for payment of the death gratuity.

### ELIGIBILITY OF MEMBERS FOR WHOM PAYABLE

Any person who is appointed, enlisted, or inducted into a branch of the military service, including the Reserve components, and cadets or midshipmen of the service academies, is considered to be a member of the military service. If the member dies, a death gratuity is payable to the eligible beneficiaries under current laws and policies. Examples of members for whom death gratuities are payable include those in the following categories:

- A member who dies while on active duty or while traveling to or from such duty.
- A member or former member who dies during the 120-day period beginning on the day following the date of discharge or release, under honorable conditions, from active duty (including retirement for either disability or length of service). In this case, the Administrator of Veterans Affairs must determine that the death resulted from disease or injury incurred or aggravated while the member was on active duty or in an authorized travel status to or from such duty.
- Any person who dies while traveling to or from a place for final acceptance into the military service or who dies at the place for entry upon active duty (other than for training) in the military service, as long as the person has been ordered or directed to go to that place, and has been provisionally accepted for that duty.
- A member whose death is determined by administrative finding under the Missing Persons Act.
- A reservist who dies while traveling directly to or from active duty.
- Any member of the Reserve Officers' Training Corps who dies while performing annual training duty under orders for a period of more than 13 days or while performing authorized travel to or from that annual training duty. Also, any applicant for membership in the Reserve Officers' Training Corps who dies while attending field training or a practice cruise or while performing authorized travel to or from the place where the training or cruise is conducted.

### ELIGIBLE BENEFICIARIES

When officially notified that a member of the command has died, the CO maintaining the member's personnel or service records determines if an eligible death gratuity beneficiary exists. Legal assistance officers can help in cases involving questions of law.

Generally, a death gratuity is payable to, or for, individuals in the following categories who are defined as the authorized living survivors of the decedent:

- Lawful spouse
- Child, or children, in equal shares (without regard to age or marital status)
- Member's relatives, consisting of parents, brothers, sisters, or any combination thereof as designated by the member
- Surviving parents in equal shares
- Surviving brothers and sisters in equal shares

All eligible survivors are restricted to these categories. If there are no survivors as previously described, the death gratuity is not payable to any other person. For clarification, let's take a closer look at each of these categories.

#### Lawful Spouse

A lawful spouse is a man or woman who is legally married to the member at the time of the member's death. This is determined by entitlement to basic allowance for quarters (BAQ) or evidence of assignment of government quarters to a member and spouse. In the absence of such proof, documentary evidence of marriage and proof of termination of any prior marriage of either the beneficiary or decedent may be used.

## Child or Children

If the decedent is survived by a child or children, but no spouse, the death gratuity will be paid to the child or children.

**GENERAL ELIGIBILITY CRITERIA.**— An eligible child can be a legitimate child; a legally adopted child; a stepchild, if the child was a member of the decedent's household; or an illegitimate child. Generally, you can use any of the following documentation to establish a child's eligibility status:

- Documentary evidence showing termination of any marriage, including a certified copy of the spouse's death certificate, divorce, or annulment decree
- Entitlement to BAQ for a child or children, or evidence of occupation of government quarters with the member before the member's death
- Documentary proof of the relationship, including the original or certified copy of the original birth certificate or a certified court order of adoption
- A certified copy of the appointment paper if a guardian of a minor child, or children, has been appointed by a court (as distinguished from being awarded physical custody)

**ILLEGITIMATE CHILD.**— In the case of an illegitimate child, the child's eligibility must be confirmed by evidence provided by or associated with the deceased service member. When the deceased service member is the child's father, you can use any of the following documentation to establish the child's eligibility:

- A statement, written and signed by the member, acknowledging and identifying the child as his own
- Evidence that the member was judicially ordered to contribute to the child's support or was before his death judicially or otherwise shown by satisfactory evidence to be the father of the child

When the deceased member is the mother, the child's eligibility can be established by a birth certificate or other satisfactory evidence that the member was the mother of the child.

**STEPCHILD.**— The relationship between a member and a stepchild may survive the end of the marriage from which it arose if close family ties have

continued. If such a relationship ended by the member's death, the relationship continues in the absence of evidence to the contrary. If the marriage ended by divorce (as distinguished from death), the relationship ends unless clear and convincing evidence is furnished showing continuance of close family ties and the intention to continue the prior relationship.

## Designated Beneficiaries

If the decedent is not survived by a spouse or child and has officially designated a father, mother, brother, or sister to receive the death gratuity, no further evidence is necessary.

This is true except in cases of *in loco parentis*. The DOD defines *in loco parentis* as a person who stood in place of a parent to the service member 24 hours a day for a period of at least 5 years before the service member became 21 years old or entered military service. The beneficiary, however, must furnish the following documentation:

- Documentary evidence that any marriage entered into by the decedent has been terminated.
- A statement, witnessed by two individuals, that there are no living children. For in *loco parentis* cases, entitlement to BAQ for that person is sufficient evidence. If this relationship has not been established, DFAS—CL will make the determination.

## DETERMINATIONS AFFECTING ENTITLEMENT

Several determinations place additional restrictions on the payment of a death gratuity.

### Death as Lawful Punishment

Death gratuity is not payable in the case of a member whose death is the result of a lawful punishment for a crime or military offense. This does not apply when the death is inflicted by any hostile force with which the armed forces of the United States had engaged in armed conflict.

### Member Killed by Beneficiary

Death gratuity is not payable to a beneficial or survivor who kills a member, unless there is evidence that clearly absolves such beneficiary or survivor of any felonious intent.

## Unauthorized Absence or Desertion

Death gratuity is payable in the case of a member whose death occurred while the member was in a UA, absence without leave, or absence over leave status. That includes an absence that resulted from the member's being in the custody of civil authorities, provided the date of death occurred before the normal expiration of contracted duty.

A death gratuity is not payable in the case of a member who is declared a deserter at the time of death, unless it is later found that the declaration was in error.

## PAYMENT PROCEDURES

Payment procedures for death gratuities will vary according to who the beneficiaries are and where they are located. The procedures will also vary, depending on the evidence supporting the claim. Let's first look at the procedures when no entitlement problems exist.

### Processing Disbursing officers in Cases of Nonquestionable Claims

In some instances, the payment of a death gratuity will be processed by the local DO. In other instances, it will be processed by a designated DO. Let's look at both cases when no eligibility problems are involved.

**LOCAL DISBURSING OFFICER.**— The DO maintaining the service member's PFR will make payment of the death gratuity to the payee only under the following conditions:

- The payee is the decedent's widow or widower or a designated beneficiary
- The payee is residing in the vicinity of the decedent's duty station.

The payment will be supported by a copy of the Personnel Casualty Report message prescribed in the *Naval Military Personnel Manual* (MILPERSMAN) and a DD 397, Claim Certification and Voucher for Death Gratuity Payment. The DO must advise the decedent's CO if the member had an E allotment and that the beneficiary may be entitled to a retired of funds deposited in the Veteran's Education Assistance Program (VEAP).

### DESIGNATED DISBURSING OFFICER.

Upon authorization by BUPERS, the CO will request DFAS—CL or a field DO of any service to make payment of the death gratuity to the payee under the following conditions:

- When the payee is other than the decedent's widow or widower or a designated beneficiary
- When the payee is not residing in the vicinity of the decedent's duty station

BUPERS will notify the designated DO by message. This message will provide all the necessary information the designated DO will need to prepare the DD 397. The paying officer will prepare the DD 397 based upon the message information received from the CO and upon message authorization from BUPERS.

### Processing Agency in Cases of Questionable Claims

BUPERS must authorize the disposition of a death gratuity in cases involving questions of eligibility or law. In such cases or in cases involving consideration of doubtful facts as "doubtful claims," BUPERS determines if DFAS—CL must pay the claim or if it must be forwarded to the Government Accounting Office (GAO) for adjudication and payment. These cases include but are not limited to the following circumstances:

- A common-law widow or widower
- A minor child or children, an adopted child without properly certified court adoption papers, or an illegitimate child
- *In loco parentis* relationships

### Preparation of the DD Form 397 for All Claims

The DD 397 is prepared in an original and five copies. When local payment is being made, the DD 397 is originated in the admin office and signed by the CO. When payment is being made by a designated DO, preparation of the DD 397 is the responsibility of the paying DO who must use the information provided in the casualty message. This form is the authorization for the DO to prepare the check for the payment.

The DD 397 will be distributed as follows:

- Original forwarded with the DO's financial returns
- One copy to the payee
- One copy to the DO's financial retained returns
- One copy to DFAS—Cleveland Center

- One copy to the member's service record
- One copy to BUPERS

### **Delivery of the Death Gratuity Check**

The casualty assistance calls officer (CACO) or some other representative of the CO will personally deliver the death gratuity check to the payee. This should be accomplished within 24 hours, if possible. At the time of delivery, the payee will sign the original of the DD 397, certifying receipt of the payment and his or her status as a beneficiary. Two witnesses who personally know the payee must also sign the original form. The original is then returned to the DO.

### **Reports Confirming Payment of Death Gratuity**

In addition, a Navy DO must report the payment of a death gratuity by message to DFAS—CL with information copies to BUPERS and the commandant of the naval district where the payee lives. This message must refer to the original casualty message and include the name, social security account number (SSAN), and organization of the deceased; the name, relationship to the deceased, and address of the payee; and the amount and date of the payment.

## **SUMMARY**

Separations, discharges, and retirements are not really difficult; but, they do involve considerable coordination, timing, and paper work. Everyone must work together to make sure all documents are properly prepared in time to allow for orderly processing. It is especially important that all documents are received and processed before final payments are made.

Inadequate documentation, bad timing, and sloppy processing will result in overpayments, underpayments, and accounts that are out of balance. Put yourself in the shoes of a service member who is being separated or discharged. This person is dealing with a lot. The DOD is counting on you to do your part to ease the strain. Any member making the transition from active duty is entitled to adequate support from the disbursing office. This person should not have to feel bitter and disillusioned because of problems in his or her pay and benefits. The death gratuity, because of the situation, requires special sensitivity along with quick and accurate action on the part of all concerned. The processing of the DD 397 and preparation of the gratuity check must be done without delay to meet the desired deadline of delivery to the payee within 24 hours. The key to all these procedures is coordination and attention to detail.